

Hearing Date and Time: July 20, 2010 at 10:00 a.m.
Objection Date and Time: July 13, 2010 at 4:00 p.m.

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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

In re

LEHMAN BROTHERS HOLDINGS INC., *et al.*,

Debtors.

CHAPTER 11

CASE No. 08-13555 (JMP)

(Jointly Administered)

**DECLARATION OF MICHAEL TRICKEY IN SUPPORT OF THE MOTION PURSUANT
TO SECTION 105(a) OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 9019
FOR APPROVAL OF THE TERMINATION AND SETTLEMENT OF CERTAIN
PREPETITION DERIVATIVES CONTRACTS WITH TRUSTS FOR WHICH U.S. BANK
NATIONAL ASSOCIATION SERVES AS INDENTURE TRUSTEE AND RELATED
RELIEF**

TO THE HONORABLE JAMES M. PECK
UNITED STATES BANKRUPTCY JUDGE:

Pursuant to 28 U.S.C. § 1746, I, Michael Trickey, declare as follows:

1. I am Managing Director of both Berkshire Group LP and its wholly owned subsidiary Berkshire Advisors LLC, in its Lake Zurich, Illinois offices. Except as noted below, if called upon to testify in this case, I could competently testify to the following facts on personal knowledge.

2. Berkshire Group LP and Berkshire Advisors LLC (collectively "Berkshire") is a management consulting firm providing services to companies in and related to the consumer and commercial lending industries. Through its experienced consultants and close strategic alliance relationships, Berkshire provides risk based analysis and valuation of consumer and commercial loans, mortgage servicing rights, and related securities. Berkshire's staff has decades of experience buying, selling, securitizing, and servicing loan assets. Berkshire provides fundamentally derived, risk-adjusted collateral, servicing, and bond cash flow projections and valuations, and can deliver, *inter alia*, loss mitigation strategies, loss reserve analysis, mark-to-market assessments, and stress test analyses. Berkshire can also provide valuation analysis with respect to swap transactions that form a part of securitization transactions.

3. I graduated from The Ohio State University in 1980, *summa cum laude*, with a degree in accounting. I also have an MBA in Finance from the University of Chicago, which I received in 1985. I have been Chief Financial Officer for Household Financial Services, Inc., AMRESKO Residential Capital Markets, Inc., and on an interim basis, at United Companies Financial Corporation. These firms collectively have originated, securitized, or serviced in excess of \$20 billion of home equity, Alt-A and subprime loans.

4. I have been with Berkshire for the last eleven years. I have extensive experience in the mortgage loan securitization industry, having been involved in the prime mortgage, home equity, Alt-A, and subprime mortgage markets since 1982. My focus has been in residential mortgage valuation, acquisitions, sales, and finance; capital markets transactions and the

structuring of transactions; loan origination and servicing operations, and strategically planning and accounting for residential mortgage-related business activities. Many of these capital markets transactions included interest rate swap or cap derivative agreements as a component.

5. It is my understanding that U.S. Bank National Association serves as Indenture Trustee under the terms of Indentures for a number of securitization trusts that are party to swap or cap agreements with one or more of the Debtors as a counterparty or guarantor. We were engaged by U.S. Bank to independently value certain swap and cap transactions that were entered into in connection with a number of securitization transactions. The swap and cap agreements are listed on the attached Exhibit A. Most of the swap transactions were entered into in connection with a negative amortizing feature contained in some of the mortgages held in the securitization. A few of the transactions are transactions generally referred to as interest rate cap or interest rate corridor transactions.

6. The borrowers under some of the mortgage loans had the ability to elect not to make a full payment of interest under the relevant note, and have the unpaid amount of interest added to the principal balance of the mortgage loan. This is generally referred to as a negative amortizing mortgage loan. If many borrowers in a securitization exercised this right, the securitization trust might receive an insufficient amount of interest proceeds to make certain payments due on the certificates issued by the securitization trust. To alleviate this situation, the relevant trust entered into a negative amortization transaction with Lehman Brothers Special Financing Inc. ("*LBSF*"). LBSF received an up-front fee for entering into these swap transactions. Thereafter, LBSF agreed to make certain payments to the trust in the event that interest proceeds were insufficient to make certain payments due certificateholders. The amounts advanced by LBSF under this transaction would be repaid from certain principal

payments received by the Trust. The negative amortization transactions were timing transactions.

7. An interest-rate cap is a derivative contract that protects a counterparty from rises in short-term interest rates by requiring the “risk” counterparty to make a payment to a “protection” counterparty when an underlying interest rate (the “index” or “reference” interest rate) exceeds a specified strike rate (the “cap rate”). Each period, the payment is determined by comparing the current level of the index interest rate with the cap rate. If the index rate exceeds the cap rate, the payment is based upon the difference between the two rates, the length of the period, and either the contract's notional amount or amortized amount depending on the terms of the agreement.

8. An interest rate corridor is likewise a derivative contract that is in essence the combination of two cap agreements. It is composed of a long interest rate cap position and a short interest rate cap position. The buyer of the protection purchases a cap with a lower strike rate while concurrently selling a second cap with a higher strike rate. The premium earned on the second cap then reduces the cost of the structure as a whole. The buyer of the corridor is protected from rates rising above the first cap's strike, but is exposed if they rise past the second cap's strike.

9. As is typical for cap and corridor transactions, the trusts paid the “premium” for its protection to a Debtor counterparty upfront, and therefore, none of the Debtor entities will receive any future payments on any of the transactions listed on the attached Exhibit A.

10. From September 15, 2008 to the current date, the Lehman counterparties have not been making any payments to the trusts under the terms of any of the negative amortizing transactions. Berkshire reviewed each of the securitization transactions to determine if future negative amortization would require the trust to call on LBSF to advance funds in the future, and

in certain transactions, the likelihood that LBSF would collect unreimbursed advances. Based on the Berkshire cash flow analyses, Berkshire concludes the termination settlement for each trust is fair and reasonable as set forth on the attached Schedule A.

11. Berkshire valued each of the cap and corridor transactions with what I believe to be reasonable assumptions relating to future interest rates. The value we assigned to the caps and corridors as of June 8, 2011, are listed on the attached Exhibit A.

12. All amount listed on Exhibit A do not include any fees or expenses that might be owed under the terms of the swap transactions.

13. Each of the caps and corridors have periodic payment dates. In the context of a cap, the period from June 8, 2011, to each payment date is treated as an individual obligation or "caplet". The value of the cap is the sum of the values of the individual caplets. Each caplet is valued using an interest rate option model. The base valuation is a direct feed from Bloomberg, which is an industry standard. The model takes into consideration the time value of money, *i.e.*, the payment isn't due immediately. As set forth above, corridors are really two caps put together. To value a corridor the caplets for each "cap" are valued and added together to arrive at a value.

14. I believe that these values reflect the value of these contracts to each trust. Of course, what actually occurs in the future may be different than what we have projected. It may be that if the contracts remained in place until maturity no payment would ever be due any of the trusts. Likewise the converse is true, that if these contracts were left in place large payments might be due the trusts. I believe, however, based on information available to Berkshire as of this time, that these values represent a fair value to the relevant trust.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 11, 2011

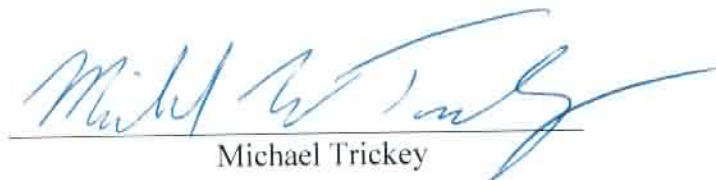

Michael Trickey

Exhibit A - Settlement Amounts

Negative Amortizing Transactions		LEH Settlement	
Identifier	CUSIP		Amount
GPMF 2006-AR5 1-A2A2	39538AAE6	\$	59,150.20
GPMF 2006-AR5 1-A3A2	39538AAJ5	\$	44,013.06
GPMF 2006-AR7 2-A2	39538CAJ1	\$	36,725.78
GPMF 2006-AR7 2-A1	39538CAH5	\$	83,291.87
GPMF 2006-AR7 1-A2A2	39538CAD4	\$	45,891.43
GPMF 2006-AR7 1-A3A2	39538CAF9	\$	28,843.35
GPMF 06-AR8 2-A	39539HAF7	\$	53,142.51
GPMF 06-AR8 1-A1A	39539HAA8	\$	24,027.44
GPMF 06-AR8 1-A3B	39539HAE0	\$	2,998.37
GPMF 2007-AR1 2-A1A	39539KAD5	\$	186,133.13
GPMF 2007-AR1 2-A1B	39539KAE3	\$	74,222.76
GPMF 2007-AR1 1-A1A	39539KAA1	\$	72,951.39
GPMF 2007-AR1 1-A2A	39539KAB9	\$	62,773.68
GPMF 2007-AR1 1-A1B	39539KBD4	\$	1,634.75
GPMF 2007-AR1 1-A3	39539KAC7	\$	39,365.70
GPMF 2007-AR1 3-A1	39539KAF0	\$	80,328.42
GPMF 2007-AR1 3-A2	39539KAG8	\$	198,283.00
GPMF 2007-AR1 3-A3	39539KAH6	\$	93,382.00
GPMF 2007-AR1 3-A4	39539KBC6	\$	2,814.31
GPMF 2007-AR2 1-A4B	39539LAF8	\$	22,039.63
GPMF 2007-AR2 1-A3	39539LAD3	\$	108,654.55
GPMF 2007-AR2 1-A2A	39539LAB7	\$	63,225.00
GPMF 2007-AR2 1-A2B	39539LAC5	\$	8,127.65
GPMF 2006-AR6 1-A1A	39538BAV6	\$	36,792.21
GPMF 2006-AR6 1-A2A2	39538BAW4	\$	23,153.22
LXS 2006-16N 1-A2A	52522DAC5	\$	106,801.89
LXS 2006-16N 1-A32A1	52522DAF8	\$	142,450.00
LXS 2006-16N 1-A31	52522DAK7	\$	144,405.21
LXS 2006-18N A5A	52522GAE4	\$	55,148.00
LXS 2006-18N A1B	52522GAR5	\$	20,331.86
LXS 2006-18N A3	52522GAC8	\$	190,238.78
LXS 2006-18N A4	52522GAD6	\$	44,652.46
LXS 2006-18N A2A	52522GAB0	\$	186,776.03
LXS 2007-2N 1-A1A	52524LAA9	\$	130,446.06
LXS 2007-2N 1-A1B	52524LAB7	\$	25,339.46
LXS 2007-2N 3-A1	52524LAE1	\$	10,192.66
LXS 2007-2N 3-A2	52524LAF8	\$	130,383.18
LXS 2007-2N 3-A3	52524LAG6	\$	154,128.55
LXS 2007-12N 1-A3A	52524YAC7	\$	215,925.00
LXS 2007-12N 1-A1	52524YAA1	\$	69,019.16
LXS 2007-12N 1-A2	52524YAB9	\$	102,154.48
LXS 2007-12N 1-A3B	52524YAD5	\$	11,583.69
LXS 2007-15N 4-A3	52524VAT6	\$	57,303.47
LXS 2007-15N 4-A2B	52524VAS8	\$	18,552.00
LXS 2007-15N 4-A2A	52524VAR0	\$	112,354.15
LXS 2007-15N 4-A1	52524VAQ2	\$	458,172.94
LXS 2007-4N 1-A2B	52524HAC4	\$	11,137.81
LXS 2007-4N 1-A1	52524HAA8	\$	126,352.62
LXS 2007-4N 1-A2A	52524HAB6	\$	78,294.00
LXS 2007-4N 1-A3	52524HAD2	\$	91,381.04
LXS 2007-4N 3-A1A	52524HAH3	\$	137,134.22
LXS 2007-4N 3-AC	52524HAL4	\$	895.01
Sub Total Neg Amortizing Transactions		\$	4,283,519

Caps Transactions		Product	LEH Settlement
Identifier	CUSIP	Type	Amount
LXS 2006-18N A4	52522GAD6	BGC	\$ 2,267,341
GPMF 2007-AR1		Cap	\$ 0
GPMF 06-AR8 1-A3B	39539HAE0	BGC	\$ 0
LXS 2006-16N	092206LEH7	Corridor	\$ 19
Sub Total Cap Transaction			\$ 2,267,360
Sub Total Neg Amortizing Transaction			\$ 4,283,519
Total Settlement			\$ 6,550,879